

1234

Income Tax Withholding Preference Certificate

AD0908 (Rev5/00)

Read Instructions
on reverse before completing

P.O. BOX 15275 Sacramento, CA 95851-0275

Toll free 1- (800) 228-5453

or (916) 229-3870

TDD Hearing Impaired (916) 229-3541

Please indicate how you would like income tax withheld from your **monthly** CalSTRS benefit payment. Unless you elect otherwise, the law requires that income tax be withheld from payments based on rates for a married person claiming three withholding exemptions.

CalSTRS Date Stamp

Member/ Payee Information

Payee Name (person receiving payment)

Payee Social Security Number

Member Name

Member Social Security Number

Payee Phone Number

()

If your address is not in the U.S., see "Payments Delivered Outside the United States" on the reverse side of this form.

Payee Address

Number

Street

Apt #

City

State

Zip Code

Type of payment(s) you want this withholding preference applied to: (Retirement, Disability, Family Allowance, etc.)

Periodic Payments: If you are going to, or are receiving an ongoing (monthly) benefit, complete the following section:**California State Income Tax Withholding (check one)**Do not withhold California **State** Income Tax from my **monthly** benefit payment.Calculate withholding from the California **State** tables using the marital status **AND** number of exemptions shown. ✓ **one of the following:**

- ☐ Single, ____ (Enter 0 or number of exemptions)
- ☐ Married, ____ (Enter 0 or number of exemptions)
- ☐ Head of Household, ____ (Enter 0 or number of exemptions)

Withhold \$_____ in addition to the amount to be withheld based on the State tax tables.

Withhold \$_____ **per month.**

(Enter a flat dollar amount only)

Federal Income Tax Withholding (check one)Do not withhold **Federal** Income Tax from my **monthly** benefit payment.Calculate withholding from the **Federal** tables using the marital status **AND** number of exemptions shown. ✓ **one of the following:**

- ☐ Single, ____ (Enter 0 or number of exemptions)
- ☐ Married, ____ (Enter 0 or number of exemptions)

Withhold \$_____ in addition to the amount to be withheld based on the Federal tax tables.

Withhold \$_____ **per month.**

(Enter a flat dollar amount only)

Non-periodic Distributions: If you are going to receive a lump sum (one-time) distribution, complete the following section:**California State Income Tax Withholding**

The California withholding rate for nonperiodic distributions is 6% of the taxable amount.

✓ **one of the following:**Withhold California State Income Tax ☐Do not withhold California State Income Tax ☐**Federal Income Tax Withholding**

The Federal withholding rate for nonperiodic distributions is 10% of the taxable amount.

✓ **one of the following:**Withhold Federal Income Tax ☐Do not withhold Federal Income Tax ☐**PAYEE SIGNATURE****Date**

INCOME TAX WITHHOLDING CERTIFICATE INSTRUCTIONS

FEDERAL AND CALIFORNIA STATE WITHHOLDING REQUIREMENTS

Federal and California state statutes require income tax withholding on distributions from pensions, annuities, and deferred compensation plans unless a payee elects otherwise. Therefore, the California State Teachers' Retirement System (CalSTRS) must withhold income tax on all benefit payments unless the payee has filed an election not to have withholding apply. CalSTRS benefit recipients must make their election on the CalSTRS Income Tax Withholding Preference Certificate, AD0908.

COMPLETING THE FORM

If you do not return this form, CalSTRS will withhold income tax from an ongoing payment in accordance with the established rate for a married individual claiming three withholding allowances.

If you do not want withholding applied, you must return the form with the "Do not withhold" boxes checked. However, recipients who have payments delivered outside the United States or its possessions may not elect "no" as a withholding choice. (See Payments Delivered Outside the United States)

The number of state withholding allowances you claim may be different from the number of allowances you claim for federal withholding. **Note:** If you previously submitted Federal and State withholding instructions to CalSTRS and you now wish to change one or the other- *but not both* - complete *only* the section which pertains to the change you wish to make at this time. Withholding for the other will remain the same.

If you are receiving different types of ongoing payments from CalSTRS, you may elect a different withholding amount for each type of payment. Please indicate the type of payment that you want this withholding election applied to in the space provided. Please complete a separate form, if you want a different withholding for different types of payments.

The election you submit on this form will take effect within 60 days after the form is received by CalSTRS. Usually, if the form is received by the first of the month, the changes will be in effect for the next payment. Your tax withholding preference will remain in effect until you change or cancel it. A change or cancellation may be made at any time by completing and submitting to CalSTRS a new Tax Withholding Preference Certificate, AD0908.

NOTE: Remember that there may be penalties for not paying

enough tax during the year, either through withholding or estimated tax payments.

PAYMENTS DELIVERED OUTSIDE THE UNITED STATES

The option to not have federal income tax withheld does not apply to any payment that is delivered outside the United States or its possessions to a U.S. citizen, or non-U.S. resident alien, as well as payments made to a U.S. resident alien.

If you are a U.S. citizen and you do not want to have tax withheld from your benefit payment, you must give CalSTRS a home address in the United States or a U.S. possession. For example, CalSTRS would have to withhold tax if you provide a U.S. address for a nominee, trustee, or agent to whom the benefits are to be delivered, but do not provide your own home address in the United States or U.S. possession.

U.S. citizens who have payments delivered outside the United States or its possessions, and U.S. resident aliens, may elect any withholding status (married, single, or head of household) and **one** or more withholding allowances.

A non-U.S. resident alien may use either the federal tax tables with single, and one withholding allowance (S-1), or the flat rate of 30%, or a lower treaty rate, if applicable.

NONRESIDENTS OF CALIFORNIA RECEIVING A CALIFORNIA PENSION

Federal law prohibits California from taxing pension benefits paid to recipients who reside outside the state. However, if you reside outside California and you feel you still may be liable for California State tax, you may continue to request state tax withholding from CalSTRS.

QUESTIONS ??

CalSTRS can only provide limited tax information. Contact the CalSTRS Automated Attendant toll free at 1-800-228-5453 and request the pamphlet "Benefit Tax Information." We also suggest you read the IRS Publication 575, "Pension and Annuity Income" and the California Franchise Tax Board Publication FTB 1005, "Pension & Annuity Guidelines", or contact a qualified tax professional for advice.